

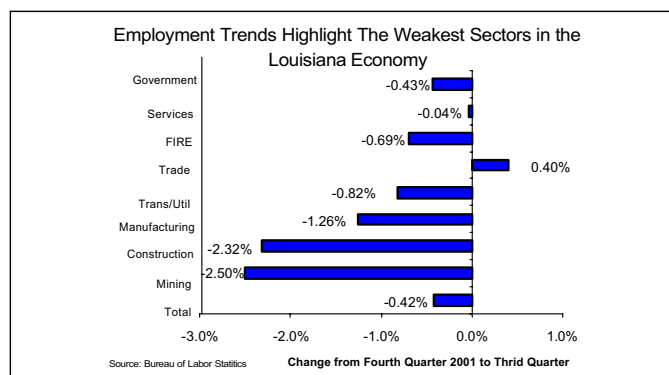
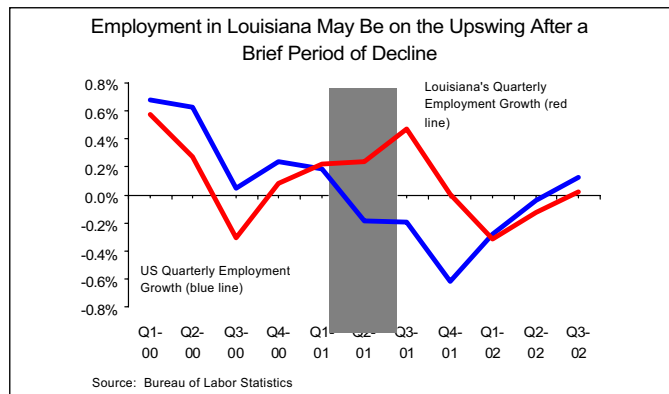
FDIC State Profile

WINTER 2002

Louisiana

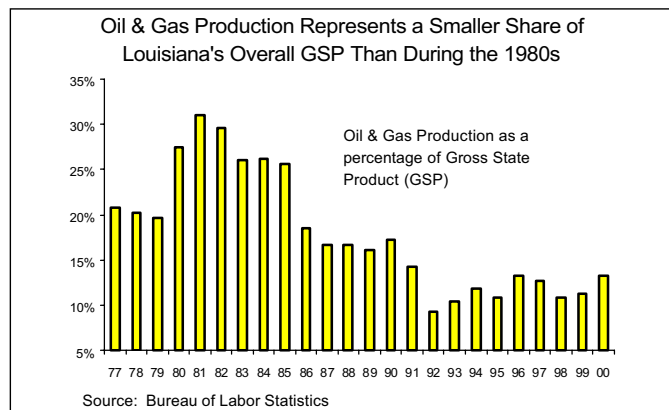
Louisiana's Economy May be Beginning to Grow After a Brief Period of Decline

- Louisiana has experienced moderate employment growth since the oil and gas driven recession of the mid 1980s. The decline in third quarter 2002 employment from a year earlier represents only the second quarterly drop since 1988. During the national recession in 2001, strong growth in the state's services sector, led by lodging establishments, health services, and transportation and public utilities, offset job losses in the manufacturing sector.
- Employment during 2002 began to decline, but rebounded somewhat during the third quarter, suggesting that the state's brief economic decline may have come to an end (see **chart**).¹ Employment in third quarter 2002 declined 0.4 percent, half the national rate of decline.
- The largest employment declines during 2002 have occurred in the oil and gas and construction sectors. The trade sector, driven by gains in eating establishments and retail stores, represents the only major sector that reported higher employment in third quarter 2002 than at year-end 2001 (see **chart**).



The Importance of Louisiana's Energy Sector Continues to Decline

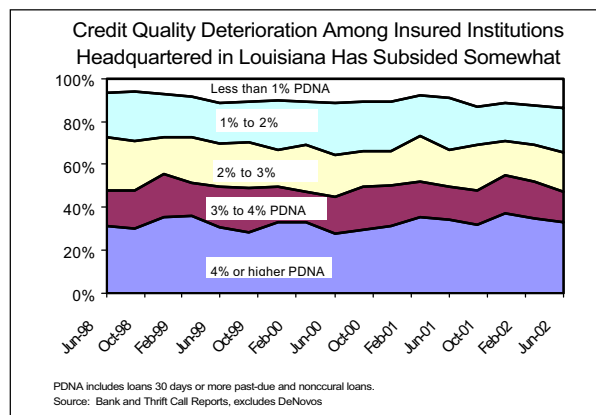
- The energy sector's contribution to the state's gross state product (GSP) continues to decline. The sector contributed over 30 percent of GSP during the 1980s, declining significantly to 13 percent in 2000. This decline reflects the fact that the nation is less dependent on energy today than it was two decades ago.



¹ Total employment grew by 400 jobs between third quarter 2002 and the prior quarter, but remained 8,500 below the year-end 2001 level.

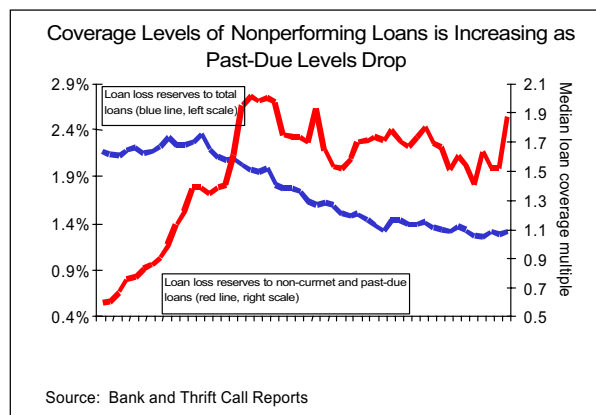
Although Asset Quality Remains an Ongoing Concern, Past-Due Levels Have Declined

- Insured institutions headquartered in Louisiana reported improved credit quality with lower past-due and nonaccrual loan levels and loan loss rates during 2001.
- Delinquencies continued to subside through the first half of 2002, signaling that credit problems in the state may have peaked at year-end 2001.²



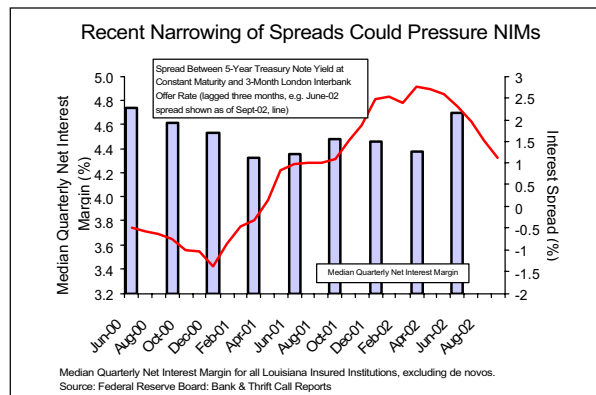
Loan Loss Coverage Levels Have Risen Among the State's Insured Institutions

- Insured institutions headquartered in Louisiana responded to the peak in delinquencies at year-end 2001 by maintaining allowance levels at approximately 1.3 percent of total loans. This trend continued through the first half of 2002.³
- Additionally, coverage of nonperforming loans increased to 1.88 percent in the first half of 2002 from 1.53 percent at year-end 2001 and 1.41 percent one year ago.



Favorable Interest Rates Boost Margins and Returns

- Median net interest margins for insured institutions headquartered in Louisiana reached 4.70 percent in second quarter 2002, the highest level in two years. The wide spread between short and long term interest rates helped contain funding costs as yields on earning assets declined. The margin improvement occurred across various asset types, geographic locations, and institution sizes. Median return on asset (ROA) levels rose to 1.17 percent, matching the highest level in two years.



² The median past-due ratio among established banks (those in existence for at least three years) was 2.38 percent in second quarter 2002, down from 2.75 percent and 2.55 percent at year-end 2001 and first quarter 2002, respectively.

³ Loan loss reserves were 1.31 percent of total loans in second quarter 2002, relatively unchanged from year-end 2001.

Louisiana at a Glance

General Information	Jun-02	Jun-01	Jun-00	Jun-99	Jun-98	Jun-97
Institutions (#)	174	177	186	188	188	204
Total Assets (in thousands)	47,476,961	45,609,598	54,861,163	53,515,538	50,743,760	51,917,112
New Institutions (# <3 years)	4	12	15	15	6	3
New Institutions (# <9 years)	17	17	19	21	14	12
Capital						
Tier 1 Leverage (median)	10.31	10.07	10.40	10.29	10.02	10.14
Asset Quality						
Past-Due and Nonaccrual (median %)	2.32%	2.32%	2.02%	2.35%	2.32%	2.61%
Past-Due and Nonaccrual ≥ 5%	27	26	23	25	21	31
ALLL/Total Loans (median %)	1.29%	1.25%	1.27%	1.31%	1.36%	1.51%
ALLL/Noncurrent Loans (median multiple)	1.89	1.44	1.70	1.67	1.74	1.53
Net Loan Losses/Loans (aggregate)	0.35%	0.38%	0.34%	0.44%	0.35%	0.34%
Earnings						
Unprofitable Institutions (#)	1	7	12	14	6	9
Percent Unprofitable	0.57%	3.95%	6.45%	7.45%	3.19%	4.41%
Return on Assets (median %)	1.11	0.98	1.10	1.01	1.15	1.23
25th Percentile	0.78	0.67	0.74	0.69	0.90	0.97
Net Interest Margin (median %)	4.55%	4.34%	4.67%	4.48%	4.68%	4.69%
Yield on Earning Assets (median)	6.82%	8.08%	8.09%	7.71%	8.04%	8.12%
Cost of Funding Earning Assets (median)	2.43%	3.82%	3.62%	3.31%	3.53%	3.43%
Provisions to Avg. Assets (median)	0.13%	0.11%	0.11%	0.10%	0.08%	0.06%
Noninterest Income to Avg. Assets (median)	0.84%	0.83%	0.80%	0.77%	0.84%	0.85%
Overhead to Avg. Assets (median)	3.32%	3.38%	3.45%	3.31%	3.35%	3.27%
Liquidity/Sensitivity						
Loans to Deposits (median %)	72.93%	71.12%	71.62%	67.75%	65.95%	64.21%
Loans to Assets (median %)	60.83%	61.39%	60.85%	57.22%	56.50%	55.39%
Brokered Deposits (# of Institutions)	13	10	10	6	7	5
Bro. Deps./Assets (median for above inst.)	1.35%	1.35%	2.13%	4.52%	4.96%	3.13%
Noncore Funding to Assets (median)	18.36%	18.20%	17.66%	16.71%	15.01%	13.92%
Core Funding to Assets (median)	68.85%	69.55%	69.68%	71.01%	72.60%	74.29%
Bank Class						
State Nonmember	124	126	132	132	127	137
National	16	16	19	20	24	26
State Member	2	2	2	3	4	4
S&L	21	21	21	21	22	23
Savings Bank	8	9	9	9	8	9
Mutually Insured	3	3	3	3	3	5
Asset Distribution						
\$0 to \$100 million	99	110	122	125	120	132
\$100 to \$250 million	50	43	41	42	46	46
\$250 to \$500 million	18	19	16	15	10	10
\$500 million to \$1 billion	3	1	2	2	7	9
\$1 to \$3 billion	2	2	2	1	1	3
\$3 to \$10 billion	1	1	1	1	3	4
Over \$10 billion	1	1	2	2	1	0